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REPLY TO
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Docket Control Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

AZ CORP COMMISSION
DOCKET CONTROL

Subject: DoD/FEA's Notice of Filing Reply Brief

Re: Docket Nos. E-01345A-10-0394; E-01345A-12-0290; E-01933A-12-0296;
E-04204A-12-0297 (Consolidated)

Dear Clerk:

Please find attached hereto the U.S. Department of Defense and all other Federal Executive Agencies' ("DoD/FEA") Reply Brief in the above captioned consolidated matter, together with thirteen (13) copies of same.

Thank you in advance for your attention to this important matter. Please call if there are any problems or if any further action is needed. I can be reached at (703) 693 - 1274 or by e-mail at kyle.j.smith124.civ@mail.mil.

Regards,


Kyle J. Smith

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Enclosure: DoD/FEA Reply Brief

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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY REQUEST FOR APPROVAL OF UPDATED GREEN POWER RATE SCHEDULE GPS-1, GPS-2, AND GPS-3.	DOCKET NO. E-01345A-10-0394
IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-01345A-12-0290
IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-01933A-12-0296
IN THE MATTER OF THE APPLICATION OF UNS ELECTIC, INC. FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-04204A-12-0297

**THE U.S. DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL
EXECUTIVE AGENCIES' REPLY BRIEF**

The United States Department of Defense and all other Federal Executive Agencies ("DoD/FEA") reiterates its opposition to any policy that would result in double counting. Arizona Public Service Company ("APS"), Tucson Electric Power Company ("TEP"), UNS Electric, Inc. ("UNS"), and Staff all appear to support Staff's proposal. While Staff does not believe its proposal results in double counting, there is uncertainty surrounding this issue. So long as Staff's proposal can be implemented in a manner that does not result

in double counting, with a clearly stated, unambiguous intent for same, DoD/FEA does not oppose Staff's proposal. The Center for Resource Solutions ("CRS") should, however, be consulted with prior to the adoption of any policy to ensure that the wording of the policy is sufficient to avoid any double counting problems.

As explained in greater detail in DoD/FEA's initial Brief, if the Commission adopts a policy that results in double counting, Renewable Energy Credits ("REC") will be rendered useless to customers like DoD/FEA. If REC integrity is destroyed, this will deprive customers like DoD/FEA of their significant investments in renewable energy in Arizona. Contrary to APS's assertion that destroying Arizona REC integrity would have no negative effects because there is no independent voluntary market for RECs in Arizona, APS itself offers programs that require CRS REC certification, nothing in the Arizona rules precludes a customer from selling its RECs in a voluntary market, the witness from CRS testified that there is, in fact, a voluntary market for RECs in Arizona, and customers like DoD/FEA have their own compliance requirements where RECs must be used. Moreover, while APS points to Hawaii as an example of a state where customer sited renewable energy has continued to grow after the adoption of policies that rendered RECs useless in the voluntary market or for other renewable energy requirements, APS fails to acknowledge that Hawaii utilities still provide incentives, or compensation, in exchange for customers' RECs. Unlike the utilities in Hawaii, Arizona utilities do not propose to continue to provide direct incentives to customers in conjunction with a policy change that would leave Arizona RECs without the ability to be certified.

There is simply no reason why a policy that results in double counting should be adopted, thereby rendering all RECs generated in Arizona useless in a voluntary market

and for DoD/FEA's compliance requirements, when the problem can be avoided through reasonable effort. Several parties have proposed policies that would avoid the double counting problem, including APS, the Residential Utility Consumer Office's ("RUCO") modified baseline proposal, and free market based options like an auction or firm offer. CRS has indicated that careful wording of Staff's proposal could also avoid the problem. For the reasons stated herein and in DoD/FEA's brief, any policy ultimately adopted should maintain the integrity of customers' RECs.

Respectfully submitted,



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For
The United States Department of Defense
And
All Other Federal Executive Agencies

SERVICE LIST

The original and thirteen (13) copies of the foregoing is being transmitted Federal Express overnight delivery this 12th day of September 2013 to be received and filed on the 13th day of September 2013 with:

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A copy of same is being served by e-mail or regular mail on the date of filing (September 13th, 2013) to the following:

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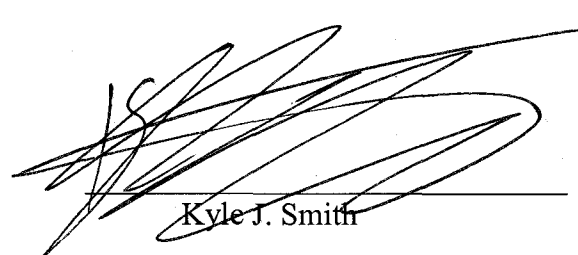
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